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RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)								DATE February 2002	
APPROPRIATION/BUDGET ACTIVITY RDT&E, Defense-wide BA6 Management Support					R-1 ITEM NOMENCLATURE Management Headquarters (Research and Development) PE 0605898E, Project MH-01, R-1 #121				
COST (In Millions)	FY 2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	Cost To Complete	Total Cost
Total Program Element (PE) Cost	32.544	36.102	43.572	46.124	48.566	48.611	48.259	Continuing	Continuing
Management Headquarters (R&D) MH-01	32.544	36.102	43.572	46.124	48.566	48.611	48.259	Continuing	Continuing

(U) **Mission Description:**

(U) This program element is budgeted in the Management Support Budget Activity because it provides funding for the administrative support costs of the Defense Advanced Research Projects Agency. The funds provide personnel compensation for civilians as well as costs for building rent, physical and information security, travel, supplies and equipment, communications, printing and reproduction.

(U) The FY 2001 Defense Authorization Act approved hiring 20 additional Section 1101 experimental hires in addition to the 20 hire approved in prior legislation. The salary, benefits and bonuses for those individuals (totaling approximately \$150,000 per employee) are included in the Management Headquarters PE. Those employees will replace departing Intergovernmental Personnel Act employees whose salary costs were reimbursed to their respective host organizations using program (Budget Activity 1 - 3) funds.

(U) **Program Accomplishments and Plans:**(U) **FY 2001 Accomplishments:**

- Management Headquarters. (\$ 32.544 Million)
 - DARPA continued to fund civilian direct-hires, both career and Section 1101 employees, and administrative support costs. Expanded Departmental and Federal physical and information security requirements and pay raise requirements were also funded.

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(U) FY 2002 Plans:

- Management Headquarters. (\$ 36.102 Million)
 - DARPA will continue to fund civilian direct-hires, Section 1101 employees and administrative support costs. Anticipated pay raise requirements are also funded. Salary, benefits and bonus requirements for an additional 20 Section 1101 employees authorized by the FY 2001 Defense Authorization Act partially are included, reflecting gradual phase-in of these employees during FY 2002.

(U) FY 2003 Plans:

- Management Headquarters. (\$ 43.572 Million)
 - DARPA will continue to fund civilian direct-hires, both career and Section 1101 employees, and administrative support costs. Anticipated pay raise requirements are also funded. Full compensation for all 40 sections 1101 hires is reflected.
 - A substantial increase in security-related costs are budgeted, including a major expansion of access controls, uniformed guards, and building security upgrades.
 - CFO act compliance costs are funded.

(U) <u>Program Change Summary:</u> <i>(In Millions)</i>	<u>FY2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
FY02 Amended President's Budget	32.379	36.937	38.414
Current Budget	32.544	36.102	43.572

(U) Change Summary Explanation:

FY 2001	Increase reflects minor program repricing.
FY 2002	Decrease reflects congressional program reduction.
FY 2003	Increase fully reflects the addition of 20 Section 1101 experimental hires, pay raises, the costs associated with the CFO Act compliance, and major security upgrades to counter any terrorist threats.

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APPROPRIATION/BUDGET ACTIVITY RD&E, Defense-wide BA66 Management Support	R-1 ITEM NOMENCLATURE Management Headquarters (Research and Development) PE 0605898E, R-1 #123	

(U) **Other Program Funding Summary Cost:**

- Not Applicable.

(U) **Schedule Profile:**

- Not Applicable.

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